Frequently Asked Questions on Proposed Revisions to the BPA Energy Efficiency Post-2011 Implementation Program

BPA produced this Frequently Asked Questions document to clarify details of the Proposed Revisions to the BPA Energy Efficiency Post-2011 Implementation Program for customers and stakeholders during the public comment period. The public comment period closes July 19, 2014. Customers, please contact your Energy Efficiency Representative if you have further questions. All other questions should be directed to Matt Tidwell mttidwell@bpa.gov, 503-230-4139.

General

1. *Q: Do any of the proposed revisions require a change to the Tiered Rates Methodology (TRM) for the Regional Dialogue Contracts?*
   A: No. BPA does not expect any of the proposed revisions to require a change to the TRM.

2. *Q: When would BPA begin publishing the Implementation Manual on an annual basis?*
   A: BPA would begin publishing an annual Implementation Manual on October 1, 2015.

3. *Q: Where should stakeholders voice interest in moving EE capital funding to expense?*
   A: EE funding levels and funding types are decided via BPA's Integrated Program Review and Debt Management Processes (here).

Billing Credits

4. *Q: Would self-management of incentives via billing credits be optional to customers?*
   A: Yes. This funding approach would be optional.

5. *Q: Are billing credits rate neutral?*
   A: The intent is for billing credits to be rate neutral.

6. *Q: If a customer chooses billing credits, would it still have to invest in conservation?*
   A: Yes. Billing credits customers would have individual conservation targets in their contracts with BPA.

7. *Q: If a customer receives billing credits, would it have to report savings to BPA? What are eligible savings for billing credits?*
   A: Yes. There would be no difference in measure, program, or project eligibility, reporting, review, or oversight between independent conservation under billing credits and self-funded or EEI-funded energy efficiency. All terms in BPA's Implementation Manual would apply. Customers would be required to report independent conservation through BPA's reporting system and receive BPA utility COTR acceptance of their reported savings. BPA would perform oversight and evaluation on independent conservation under billing credits.

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8. *Q: What if a customer that receives billing credits does not deliver the minimum amount of savings in the billing credits contract?*
   A: The billing credits contract would address underperformance via a financial penalty. The calculated financial value of the gap between the required savings in the contract and the delivered savings would be recovered. There would be a credit adjustment on the customer's BPA bill for savings not achieved multiplied by the average programmatic incentive cost.

9. *Q: Would a customer have an option to ramp into billing credits?*
   A: Not as proposed.

10. *Q: When could customers start receiving billing credits?*
    A: Assuming details are approved through the final rate design, customers would likely be able to start receiving billing credits in the 2016-2017 rate period.

11. *Q: Can billing credits customers still use bilateral transfers and other mechanisms?*
    A: Yes. Billing credit customers could still participate in BPA programs, access technical assistance, request funds from the Unassigned Account and participate in bilateral transfers.

12. *Q: How would billing credits impact the assumption of 25 percent of the programmatic target being achieved by customer self-funding?*
    A: A billing credit contract would not remove the expectation that a billing credit customer contribute to the 25 percent amount of programmatic savings that was not included for the purposes of calculating initial EEI budgets. For rate setting purposes, BPA will set initial EEI budgets for all customers based on the existing assumption that 25 percent of the programmatic target will be achieved by customers self-funding. However, the actual reported amount of self-funded savings would be impacted by 1) EEI customers delivering self-funded savings; 2) the amount of savings delivered by billing credit customers (since those savings will be reported as self-funded); and, 3) the amount of savings delivered by billing credit customers above and beyond the amounts called for in the billing credit contracts.

13. *Q: Who would pay the borrowing cost of the EEI in a bilateral transfer between an EEI customer and a billing credit customer?*
    A: Bilaterally transferred EEI costs are (functionally) paid by all non-billing credit customers on a TOCA basis. The cost of all energy efficiency acquisition is included in BPA's rate collection for all customers (for EEI debt service and independent conservation) on a TOCA basis. Billing credit customers would also receive a billing credit

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which offsets those energy efficiency acquisition costs in exchange for their independent conservation delivery.

14. *Q: Could a billing credit customer actually end up paying less than the average programmatic incentive cost to acquire its energy savings?*
    A: Yes. A billing credit customer could end up paying less or more than the average programmatic incentive cost, depending on the customer's cost of energy efficiency at the retail level.

15. *Q: Would there be any increase in administrative cost to BPA if BPA offers two different mechanisms to fund incentives, such as EEI and billing credits?*
    A: There is likely to be increased near-term workload for existing rates, finance, and billing staff. However, the intent is to avoid additional burden and offering billing credits may reduce administrative burden as the costs for processing invoices from billing credit customers would be reduced.

16. *Q: What happens after 2028 for billing credits? How would the remaining unamortized amount get recovered?*
    A: Capturing amortization for billing credits through time would be needed for rate-setting purposes. It is uncertain what would happen after 2028. The intent is for the billing credit design to be rate neutral.

<u>Large Project Program</u>

17. *Q: If a customer used billing credits would they have access to the Large Project Program (LPP)?*
    A: At this time it is unknown whether customers electing billing credits would have access to the LPP.

18. *Q: When would BPA borrow to pay for projects in the Large Project Program?*
    A: BPA Finance intends to borrow funds through third-party financing only after projects have been completed.

19. *Q: Where would the $10 million for the new Large Project Program come from?*
    A: Funding for the Large Project Program would be borrowed through third-party financing.

20. *Q: Is there a definition of what a "large project" would be under the new Large Project Program?*
    A: BPA is not including any eligibility criteria pertaining to how "large" is defined.

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21. *Q: Could a customer pay for the Large Project Program funds it receives via future EEI reductions, as with the existing Large Project Fund?*
    A: No. The costs for funds paid out via the Large Project Program would be collected via a special rate provision and added to a customer's power bill.

22. *Q: What is the purpose of the $2 million threshold for the Large Project Program funds?*
    A: The intent of the $2 million threshold, and giving BPA the discretion to reject projects over $2 million, is to avoid having any one customer take all available funding as a means to leverage BPA's potentially lower cost of capital as opposed to a genuine need to fund a large project.

23. *Q: Is the LPP limited to custom projects?*
    A: Yes. The Large Project Program is limited to custom projects only.

<u>Budget Roll Over</u>

24. *Q: Would customers who do not roll-over EEI funds help pay for the interest on the funds rolled over by customers who choose to roll over EEI?*
    A: Yes. All EEI customers would cover interest costs, on a TOCA-basis. However, the total cost should be de minimis due to the likely small amount to be rolled over. It also depends on the timing of BPA Finance bonding through third-party financing.

25. *Q: What amount goes into BPA reserves for roll over?*
    A: All else being equal, the interest and amortization associated with EEI underspend increases overall reserves. These funds are held to address uncertainty in business activities and would not be put into a targeted reserve account.

26. *Q: Would there be any additional cost to BPA to roll over EEI funds?*
    A: BPA does not foresee significant additional staff time or cost to provide roll over of EEI as an option. A small amount of additional staff time may be needed.

27. *Q: If EEI is moved to expense, could customers still roll over funds from one rate period to the next?*
    A: Roll over is predicated on BPA using third-party financing. Therefore, roll over would need to be readdressed if BPA expenses conservation acquisition.